

From: "Metz, Harry" <harry.metz@ffcu.org> on 01/27/2004 02:50:34 PM
Subject: Truth in Savings

Dear Sir/Madam,

This is in response to the request for comments on the proposed rule concerning a uniform standard for providing disclosures. There is agreement with the general concept. There are some concerns with specific requirements and "suggestions" within the proposals.

The definition of "reasonably understandable" could result in problems due to the interpretation variances of creditor staff and regulators. Often the terminology used in disclosures is based on or taken directly from the regulation in order to ensure compliance. The use of "everyday" terminology may result in questions of the compliance and sufficiency of the disclosures. Much of the layout is driven by the need to provide disclosures in the most cost effective means available. As such, the use of bullet lists and additional explanatory sentences may result in increased costs of providing the disclosures.

The standard of "designed to call attention" is also potentially troublesome. While conceptually acceptable, the suggestions concerning font size, margins, headings, etc. could result in added difficulty and expense in complying with the regulation. The providing of disclosures must be performed within the scope and capabilities of current operations.

The current volume of information often results in disclosures being developed with smaller type and minimal wasted space in order to enable a cost effective delivery of the disclosure. Should the requirements (real or otherwise) call for larger type and more spacious layout, the cost of providing the disclosures (printing, mailing, etc.) could become excessive. An example is the disclosures involved with a credit card account. Such disclosures involve several regulations and to be cost effective, must be mailed with the card mailer. Mandated changes in the type size and disclosure layout could substantially increase the cost of card and disclosure delivery without any assurance of benefit to the cardholder.

As to the Regulation Z proposal clarifying the sending of notification of rescission when the creditor fails to designate an address, there is one concern. If the rule is to permit state law to determine whether delivery to the creditor is satisfied when a consumer delivers the rescission to a third party other than the creditor or assignee, there is a question as to this determination if state law is not clear or is silent on the matter. In situations involving multiple states, a question also could be raised as to which state law has jurisdiction should account agreements fail to clearly establish this issue. It would appear that a definitive standard established by the regulation would eliminate these concerns.

Thank you,

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Compliance Officer

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